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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For The Quarter Ended March 31, 1992 Commission File No. 0-18785

OXBORO MEDICAL INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Minnesota	41-1391803
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

13828 Lincoln Street N.E., Ham Lake, Minnesota 55304
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (612)755-9516

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Common Stock	2,365,386
(Class)	(Outstanding at March 31, 1992)

This document consists of 13 total pages. Exhibit Index is on page 12.

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OXBORO MEDICAL INTERNATIONAL, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

OXBORO MEDICAL INTERNATIONAL, INC. AND CONSOLIDATED SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (unaudited)	September 30, 1991
ASSETS		
CURRENT ASSETS		
Cash & cash equivalents	$ 235,453	$ 208,320
Certificates of deposit, primarily interest bearing	320,000	614,781
Receivables:		
Trade, less allowance for doubtful accounts of $11,800 and $10,500, respectively	381,474	339,538
Interest receivable	33,023	35,201
Due from shareholders	17,280	46,244
	431,777	420,983
Inventory	676,390	704,759
Other	44,148	10,691
Deferred tax benefit	225,000	225,000
Total Current Assets	1,932,768	2,184,534
PROPERTY AND EQUIPMENT:		
Building	449,991	-
Land	57,211	54,337
Furniture and equipment	347,928	273,680
	855,130	328,017
Less accumulated depreciation	(162,696)	(131,130)
	692,434	196,887
Construction in progress	-	263,156
	692,434	460,043
OTHER INVESTMENTS	515,648	747,648
OTHER ASSETS	8,576	8,819
TOTAL ASSETS	$3,149,426	$3,401,044

(continued on next page)

OXBORO MEDICAL INTERNATIONAL, INC. AND CONSOLIDATED SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS
(continued)

LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 84,342	$ 39,145
Income taxes payable	151,747	209,856
Accrued salaries, wages and payroll taxes	48,327	48,983
Accrued settlement and related legal costs	-	518,000
Other accrued expenses	117,355	180,990
Total Current Liabilities	401,771	996,974
LONG-TERM DEBT	400,000	400,000
SHAREHOLDERS' EQUITY		
Undesignated shares, $.01 par value, authorized 5,000,000 shares, no shares outstanding		
Common Stock, $.01 par value, authorized 5,000,000 shares, issued and outstanding, 2,365,386 and 2,360,886 shares, respectively	23,654	23,609
Additional paid-in capital	1,939,697	1,912,411
Retained earnings	1,490,356	1,174,102
Less:		
Stock subscription receivable from Employee Stock Ownership Plan	(138,802)	(138,802)
Deferred research and development expense	(967,250)	(967,250)
Total Shareholders' Equity	2,347,655	2,004,070
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$3,149,426	$3,401,044

See accompanying notes to condensed consolidated financial statements.

OXBORO MEDICAL INTERNATIONAL, INC. AND CONSOLIDATED SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Six Months Ended March 31		Three Months Ended March 31	
	1992	1991	1992	1991
NET SALES	$1,467,203	$1,307,666	$776,604	$670,350
Cost of Goods Sold	361,295	320,477	180,738	172,778
	1,105,908	987,189	595,866	497,572
Selling, General & Administrative Costs	626,660	598,031	330,823	319,088
NONOPERATING INCOME				
Interest income/expense	16,366	30,220	5,266	15,513
Other income	577	5,556	294	5,021
Total Nonoperating Income	16,943	35,776	5,560	20,534
INCOME BEFORE INCOME TAXES	496,191	424,934	270,603	199,018
PROVISION FOR INCOME TAXES	179,937	131,893	98,500	50,563
NET INCOME	$316,254	$293,041	$172,103	$148,455
Net Income Per Share of Common Stock (based on weighted average shares outstanding)	$ .12	$ .12	$ .07	$ .06
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	2,628,953	2,394,560	2,628,953	2,394,560

See accompanying notes to condensed consolidated financial statements.

OXBORO MEDICAL INTERNATIONAL, INC. AND CONSOLIDATED SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Six Months Ended March 31	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 316,254	$ 293,041
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	31,566	21,209
Tax benefit from carry forward of prereorganization operating losses	21,331	90,049
Change in current assets and current liabilities:		
Income taxes payable	(58,109)	31,406
Accounts receivable	(41,936)	(36,594)
Inventory	28,369	(67,518)
Other current assets	(2,315)	(4,854)
Accounts payable	45,197	46,996
Accrued expenses	(64,291)	(56,181)
Accrued settlement and related legal costs	(518,000)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(241,934)	317,554
CASH FLOWS FROM INVESTING ACTIVITIES:		
Long-term investments	-	(105,016)
Purchase of certificates of deposit and investments	(30,000)	(306,000)
Sale of certificates of deposit	324,781	
Net loss on sale of furniture and equipment	-	(9,480)
Deduction from construction in progress	263,156	-
Long term investment	232,000	-
Deductions from other assets	243	-
Purchase of property, plant and equipment	(527,113)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	263,067	(420,496)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock	6,000	2,000
Receipt on ESOP and stock subscription receivables	-	12,097
Additions to other assets	-	(187)
NET CASH PROVIDED BY FINANCING ACTIVITIES	6,000	13,910
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,133	(89,032)

(continued on next page)

OXBORO MEDICAL INTERNATIONAL, INC. AND CONSOLIDATED SUBSIDARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)
(continued)

	Six Months Ended March 31	
	1992	1991
CASH AND CASH EQUIVALENTS, at beginning of period	208,320	257,667
CASH AND CASH EQUIVALENTS, at end of period	$235,453	$168,635
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for: Income taxes	$216,715	$ 10,437

See accompanying notes to condensed consolidated financial statements.

OXBORO MEDICAL INTERNATIONAL, INC. AND CONSOLIDATED SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Interim Financial Statements

The interim financial statements are unaudited but, in the opinion of management, reflect all adjustments necessary for a fair presentation of results for such periods. The results of operations for any interim period are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Registrant's Report on Form 10-K for the year ended September 30, 1991.

2. Inventory

Inventory consists of:

	March 31, 1992	September 30, 1991
Raw materials	$347,570	$356,645
Finished goods	328,820	348,114
	$676,390	$704,759

3. Other Investments

Other investments at March 31, 1992 include:

Certificate of deposit	$400,000
Investment in limited partnership	115,648
	$515,648

The certificate of deposit is pledged under a $400,000 note payable to bank which is due December 31, 1992. Although the certificate of deposit matures in June 1992, it is required to be reinvested for consecutive 90-day terms until the note is paid.

The investment in limited partnership is a $142,000 cash investment for a 30% limited partnership interest in a partnership formed to develop processes or devices for inhibiting rejection in connection with organ transplant procedures. The general partner of the limited partnership is a corporation owned by a significant shareholder of the Company.

In addition, the Company placed 383,500 shares of common stock of the Company in escrow for release pursuant to a Stock Award

Agreement to the general partner/shareholder on the attainment of specific milestones in the development of the concept to be used in the limited partnership project. The Stock Award Agreement expires October 31, 1995. These shares have been valued at $967,250.

4. Shareholders' Equity

Changes in shareholders' equity during the six months ended March 31, 1992, were as follows:

Shareholders' equity at September 30, 1991	$2,004,070
Exercise of stock options	6,000
Collections on ESOP and stock subscriptions receivable	-0-
Tax benefit from carryforward of pre-reorganization operating losses, net	21,331
Net earnings	316,254
Shareholders' equity at March 31, 1992	$2,347,655

5. Supplemental Disclosure of Cash Flow Information

The Company paid $14,920 and $20,614 in interest during the six months ended March 31, 1992 and 1991, respectively, and received cash of $33,653 and $50,834 as interest payments during the six months ended March 31, 1992 and 1991, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

As of March 31, 1992, the Registrant had working capital of $1,530,997 as compared to $1,187,560 at September 30, 1991.

During the six months ended March 31, 1992 the Registrant's new facility was completed and the Registrant expended approximately $170,000 in costs of construction and moving.

Also during the six months ended March 31, 1992, the Registrant settled certain litigation. The settlement required payment of $485,000 cash. This payment has been made from operating capital and may affect the cash available for future operations. If necessary, the Registrant may obtain cash by mortgaging its facility or by obtaining a line-of-credit.

Except as described in the foregoing paragraphs, management is not aware of any trends, commitments, events, or uncertainties that

will or are reasonably likely to result in the Registrant's liquidity increasing or decreasing in any material way. The Registrant does not currently believe that additional financing will be necessary in the foreseeable future.

Results of Operations

Net sales during the three-month and six-month periods ended March 31, 1992, increased by 15.8% and 12.2%, respectively, as compared to the corresponding periods in the previous fiscal year. These increases resulted from a combination of new customers, increased volume, and new products. The Registrant experienced an increase in the customer base while sales of current products to existing customers also increased. Unit sales increased by more than increases in dollar sales because of the competitiveness of the marketplace and the emphasis on increasing the customer base.

Gross margin was 75% for the first six months of both fiscal 1992 and fiscal 1991. The gross margin percentage has improved during second quarter versus first quarter fiscal 1992 by 2 percentage points. The Registrant has maintained prior decreases in raw materials costs, resulting from volume purchases and negotiated agreements with some vendors, but the competitiveness of the market served has reduced some of those favorable savings. The move to new facilities during the first quarter 1992 initially caused some overall decrease in gross margin but during second quarter fiscal 1992 additional efficiencies were obtained.

Selling, general and administrative expenses during the three months and six months ended March 31, 1992, increased by 4% and 5%, respectively, as compared to the corresponding periods of the previous fiscal year. The increase in expenditures consists primarily of costs related to compensation and commission increases, including bonuses based on operating results, depreciation related to the new facility, and a variety of miscellaneous expense accounts.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
11 -- Per Share Earnings Computation

(b) No Reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OXBORO MEDICAL INTERNATIONAL, INC.

By _____
Harley Haase
Its President

Dated: May 14, 1992

EXHIBIT INDEX

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OXBORO MEDICAL INTERNATIONAL, INC. AND SUBSIDIARY
PER SHARE EARNINGS COMPUTATION

	Six Months Ended March 31		Three Months Ended March 31	
	1992	1991	1992	1991
Weighted average number of common shares outstanding	2,362,370	2,135,286	2,362,370	2,135,286
Common stock equivalents due to assumed exercise of options	266,583	259,274	266,583	259,274
Total shares	2,628,953	2,394,560	2,628,953	2,394,560
Net earnings	$ 316,254	$ 293,041	$ 172,103	$ 148,455
Earnings per share	$ .12	$ .12	$ .07	$ .06